

**STATE OF MINNESOTA
COUNTY OF HENNEPIN**

**DISTRICT COURT
FOURTH JUDICIAL DISTRICT**

Melissa Beck, Sarah Beck, Cherida Brom, Reginald Holmes, and Alexanderia Romig-Palodichuk, on behalf of themselves individually and all others similarly situated,

Plaintiffs,
v.

Globe University, Inc., and Minnesota School of Business, Inc.,

Defendants.

Court File No.: _____

Case Type: Consumer Fraud;
Unlawful Trade Practices;
Deceptive Trade Practices;
False Advertising

**CLASS ACTION COMPLAINT
AND JURY DEMAND**

Plaintiffs Melissa Beck, Sarah Beck, Cherida Brom, Reginald Holmes, and Alexanderia Romig-Palodichuk (collectively, "Plaintiffs"), on behalf of themselves and all others similarly situated, bring this class action against Defendants Globe University Inc., and Minnesota School of Business, Inc. (collectively, "Defendants"). Plaintiffs state and allege the following based upon information and belief after due investigation by the undersigned counsel (facts and allegations pertaining directly to each Plaintiff are based on their personal knowledge).

NATURE OF THE ACTION

1. Plaintiffs bring this action on behalf of themselves and all others similarly situated (the "Class" or "Class members") to end the misleading, unfair, deceptive, false, fraudulent, manipulative and company-wide statements, practices and omissions Defendants use against unsuspecting postsecondary students in order to profit from such students. Defendants receive and keep the private funds, student loans, grants, scholarships and other financial aid obtained by Class members, while leaving the

students deep in debt but without the credits, degrees or professional opportunities Defendants promised.

2. Defendants' advertisements and promotional materials, including their websites, radio, television and online advertising, contain misleading, unfair, deceptive, false, and fraudulent statements and omissions intended to induce postsecondary students to enroll in their schools, or at least contact their enrollment representatives for more information.

3. At their postsecondary institutions, Defendants create and promote an aggressive, boiler-room culture among their enrollment representatives, who consistently misrepresent to prospective students that course credits earned at its institutions will transfer to other postsecondary institutions, inflate job placement rates, inflate starting salaries of new graduates, mislead students about Defendants' institutions' accreditations, and provide other misleading, unfair, deceptive, false, and fraudulent information, including material omissions.

4. Defendants' conduct constitutes longstanding and continuing violations of the Minnesota Prevention of Consumer Fraud Act, the Minnesota Uniform Deceptive Trade Practices Act, and the Minnesota False Advertising Act, as well as common law, and has damaged all students who enrolled in postsecondary services at Defendants' institutions. Defendants' unlawful acts present questions of law and fact that are common to the claims of Plaintiffs and each Class member.

PARTIES

5. Plaintiff Melissa Beck is resident of the city of Sioux Falls, county of Minnehaha, state of South Dakota. She was enrolled during the class period at Globe's Sioux Falls, South Dakota location.

6. Plaintiff Sarah Beck is resident of the city of Sioux Falls, county of Minnehaha, state of South Dakota. She was enrolled during the class period at Globe's Sioux Falls, South Dakota location.

7. Plaintiff Cherida Brom is a resident of the city of Warrens, county of Monroe, state of Wisconsin. She was enrolled during the class period at Globe's Woodbury, Minnesota location. She also took classes online from her home in Wisconsin.

8. Plaintiff Reginald Holmes is a resident of the city of Sioux Falls, county of Minnehaha, state of South Dakota. He was enrolled at Globe's Sioux Falls, South Dakota location during the class period.

9. Plaintiff Alexenderia Romig-Palodichuk is a resident of the city of Woodbury, county of Washington, state of Minnesota. She is currently a student at Globe's Woodbury, Minnesota location.

10. Defendant Globe University, Inc., is a privately held company incorporated under the laws of the state of Minnesota. Its principal place of business is located in the city of Woodbury, county of Washington, state of Minnesota.

11. Defendant Minnesota School of Business, Inc., is a privately held company incorporated under the laws of the state of Minnesota. Its principal place of business is located in the city of Woodbury, county of Washington, state of Minnesota.

12. Defendants, while separately incorporated, actually function as one and the same (collectively, “Defendants” or “Globe”). Defendants do the same business interchangeably under both names.¹ They are both privately held by the same owners, and share the same executives, offices and addresses. They even share a logo:



13. Defendants run the Globe Education Network, a consortium of private, for-profit institutions that purports to provide postsecondary education for various careers. Defendants have complete or partial ownership interests in the eight for-profit Globe Education Network schools, including (1) Globe University, (2) Minnesota School of Business, (3) Benchmark Learning, (4) Broadview University,² (5) Duluth Business University, (6) the Institute of Production and Recording, (7) Minnesota School of Cosmetology, and (8) the Northwest Technical Institute.

14. Defendants also enroll students internationally through online courses.

15. Defendants conduct a significant amount of business within the states of Minnesota, South Dakota and Wisconsin.

JURISDICTION AND VENUE

16. The jurisdiction of this Court is invoked as violations occurred in the State of Minnesota and involve state and common law.

17. Venue is appropriate because Defendants transact a substantial amount of business in the state of Minnesota and a substantial amount of the facts giving rise to this

¹ *Collaborating on Behalf of Students*, GLOBE UNIV., <http://www.globeuniversity.edu/ProgramGrid.aspx> (“Globe University (GU) and Minnesota School of Business (MSB) offer common curricula across multiple locations and online divisions.”) (last visited Sept. 24, 2013).

² Broadview University has five locations in Idaho and Utah.

action occurred within the state of Minnesota. Defendants operate a location in downtown Minneapolis, within the Fourth Judicial District.

FACTUAL ALLEGATIONS

Globe reaps millions of dollars in profits from financial aid, saddling Class members with significant student debt and essentially worthless credits and degrees

18. Plaintiff Melissa Beck (“Missy”) attended Defendant’s Sioux Falls location and graduated with a degree from its Paralegal program in December 2010. She paid Globe approximately \$40,000 in tuition, fees and costs. To pay for the program, she incurred approximately \$30,000 in student loan debt. Missy saw Globe’s misleading advertising, as generally described below. Additionally, she was told by Globe’s enroller that Globe’s institution-wide placement rate was 98%. She was also told by Globe’s enroller that her credits would transfer to any other school. But after completing Globe’s program, Missy asked two other schools if they would accept her Globe credits. They rejected them. Globe’s enroller also guaranteed Missy that she would earn at least \$30,000 per year as a new paralegal after graduating from Globe. After she graduated, however, Globe failed to place her in a paralegal position. Missy was hired part-time by a law firm to do administrative work that initially paid \$10 per hour. This position did not require a paralegal degree and she made far less than the salary Globe promised.

19. Plaintiff Sarah Beck (“Sarah”) attended Globe’s Sioux Falls location and graduated with a degree from its Healthcare Management program in December 2010. She incurred more than \$41,000 in student loan debt to attend Globe. Sarah saw Globe’s misleading advertising, as generally described below. Additionally, Globe’s enroller told her its placement rate, institution-wide, was 98%. The enroller also told Sarah that Globe

was accredited and that all credits earned at Globe would transfer to any college or university. After Sarah graduated from Globe, she sought to obtain an advanced degree. When she tried to transfer her Globe credits to three other postsecondary institutions, all of them rejected Globe's credits, saying Globe's healthcare management program is unaccredited. Sarah then decided to look for a job rather than pursue a higher degree. Globe was unable to place her in a job, or even find her a job opportunity. Sarah found a job herself. She works with billing and electronic medical records in a job that does not require a degree. Sarah is not considered to be working in "healthcare management."

20. Plaintiff Cherida Brom ("Cheri") attended Globe's Woodbury location from January 2012 to April 2013, while living in Minnesota. She initially took classes in the Veterinary Technology program. Cheri saw Globe's misleading advertising, as generally described below. Additionally, Globe's enroller inflated the starting wages she could receive upon graduation, telling her she would make \$17 per hour. Later, while enrolled at Globe, Cheri learned that it is very difficult to get a veterinary technology job paying even \$10 per hour. Globe's enroller also inflated the placement rates quoted to her. Cheri tried to transfer from Globe to another veterinary technology program, but was told by Globe's Dean of Students that Globe's credits would not transfer. In the course of their discussions, he convinced her to switch to the Business Administration program. Cheri later moved to Wisconsin, where she enrolled in Globe's online classes. As a result of Globe's conduct described below, Cheri stopped taking classes at Globe. She incurred approximately \$15,000 in student loan debt to attend Globe.

21. Plaintiff Reginald Holmes ("Reggie") was enrolled the Medical Assistant program at Globe's Sioux Falls location from July 2009 to early 2010. Reggie saw

Globe's misleading advertising, as generally described below. Additionally, Globe's enroller told Reggie that Globe credits would transfer to other schools. When Reggie attempted to transfer his credits to three postsecondary institutions, all three rejected Globe's credits. Globe's enroller also inflated the placement rates of Globe graduates, as well as the starting salaries Reggie could expect to receive after graduation. As a result of Globe's conduct described below, Reggie stopped taking classes at Globe. He incurred student loan debt to attend Globe.

22. Plaintiff Alexenderia Romig-Palodichuk ("Allie") is currently a student at Globe's Woodbury, Minnesota location. She is studying in the Medical Assistant program and expects to graduate in March 2014. Allie saw Globe's misleading advertising, as generally described below. Additionally, Globe's enroller inflated the level of starting wages she can expect to make upon graduation. Allie was told she would make \$16 to \$22 per hour after graduating. She later learned through other sources that she can expect to make only \$10 to \$13, if she can find a job at all. Globe's enroller also inflated the placement rates of Globe graduates, telling her placement rates were 98%. Globe's enroller also told Allie she could transfer Globe credits to other schools. Allie has since learned that Globe's credits will not transfer. Allie has incurred approximately \$65,000 in student loan debt to attend Globe.

23. As of fall 2012 (the most recent data available), Globe enrolled approximately 7,803 students on twenty "campuses"³ in Minnesota, Wisconsin and South

³ Defendants refer to their locations as "campuses," but their facilities are not typical of campuses found at colleges and universities (with, for example, stately old buildings, a commons area, student union and dorms). Rather, Defendants' "campuses" are typically single office buildings near highways. Its Minneapolis location occupies the former space of discount store in the basement of a downtown office building. Defendants' facilities are more properly called "locations" in this complaint.

Dakota.⁴ Globe offers more than 40 programs, including Business, Accounting, Criminal Justice, Paralegal, Information Technology, Health Sciences and Creative Media.⁵ It grants diploma certificates, two-, four-year and masters' degrees, and a doctorate in business administration.

24. According to its website, tuition costs for Globe's degrees range from \$12,870 for a one-year Certificate in Internet Marketing to \$93,510 for a four-year bachelor's degree in Nursing, not including room, board, books or required supplies and materials.⁶ The average two-year associate's degree graduate borrows more than \$30,000 to attend Globe.⁷

25. As described below, these degrees are nearly worthless, a fact that is concealed from students by Globe's misleading, fraudulent, unfair, deceptive and false conduct. The students who earn such degrees are left with inescapable, substantial, and often overwhelming student loan debt without marketable educations or degrees to earn the jobs or salaries Globe promised. Such students struggle to earn salaries at other jobs, in many instances not even using the degrees they earned, in order to pay off the debt from which Globe profits.

26. To make matters worse, taxpayers subsidize the cost of nearly all of those degrees through government-funded financial aid. Stafford Loans are the largest and most common source of federal financial aid available to postsecondary students. This aid is nearly universally available.

⁴ U.S. Dept. Educ., Nat'l Ctr. Educ. Stats., *see* <http://nces.ed.gov/globallocator/> (last visited Sept. 25, 2013).

⁵ *College Degree Programs for Career Success*, GLOBE UNIV., <http://www.globeuniversity.edu/degree-program.aspx> (last visited Sept. 25, 2013).

⁶ *Gainful Employment*, GLOBE UNIV., <http://www.msbcolllege.edu/privacy-policy/gainful-employment/> (last visited Sept. 23, 2013).

⁷ GEORGE ROEDLER, MINNESOTA OFFICE OF HIGHER EDUC., FOR-PROFIT POSTSECONDARY INSTITUTIONS: A REVIEW OF SELECTED INSTITUTIONS IN MINNESOTA FOR UNDERGRADUATES 45 (2013).

27. Low-income students also have access to federal Pell Grants.

28. For the 2012-2013 school year, a low-income freshman could have received up to \$11,000 in combined Stafford Loans and Pell Grants. A sophomore could receive \$12,000.

29. Stafford Loan and Pell Grant financial aid is, by far, Globe's fundamental source of profits. All of the named Plaintiffs have significant student loan debt as a result of enrolling at Globe.

30. According to the U.S. Department of Education, during the 2011-2012 school year, Globe took nearly \$140 million in federal, state and private loans, grants and scholarships from its students.⁸ In that same year, the Duluth Business University, the Minnesota School of Cosmetology, the Institute and Production and Recording, and Broadview University took in an additional nearly \$30 million in financial aid.⁹ In all, in that one year, Globe's owners were paid approximately \$170 million in financial aid.

31. In 2011, Globe received \$4.3 million in Minnesota state funds granted to its students.¹⁰

**Globe heavily advertises and recruits students,
selling dreams but delivering debt**

32. Globe advertises frequently online and on television and radio, suggesting that Globe graduates have exciting opportunities to advance in rewarding industries. For example, one of Globe's Healthcare Management advertisements says:

This program is designed to fill a growing need for administrative and management professionals throughout the health care industry. Graduates

⁸ The actual figure is \$139,763,311. Exhibit A attached hereto. U.S. Dept. Educ., Nat'l Ctr. Educ. Stats., *see* <http://nces.ed.gov/globallocator/> (last visited Sept. 24, 2013).

⁹ The actual figure is \$29,802,787. Exhibit B attached hereto. U.S. Dept. Educ., Nat'l Ctr. Educ. Stats., *see* <http://nces.ed.gov/globallocator/> (last visited Sept. 24, 2013).

¹⁰ ROEDLER 26.

can expect to find employment with HMOs, PPOs, medical suppliers, pharmaceutical companies, health care providers and insurance companies. . . . It also includes courses that prepare students for leadership and management roles.”¹¹

33. A Globe advertisement promoting its Veterinary Technology program says:

Caring for animals can be pretty challenging, but it can also be extremely rewarding. . . . [Associate Degree] Graduates often find work in private animal hospitals, boarding kennels and large animal clinics. . . . [Bachelor’s Degree] Graduates have more opportunities to work in a variety of areas, such as biomedical facilities, diagnostic laboratories, wildlife facilities and food safety inspection factories.”¹²

34. One Globe advertisement about its Medical Assistant program says:

If you want a job where you can make a difference, and have an interest in hands-on medical care, this program opens up great career opportunities. Medical Assistants play a critical role in healthcare environments, working with doctors and nurses to provide high-quality healthcare.¹³

35. With regard to its Paralegal programs, Globe advertises that:

Paralegals are critical team players in law offices and corporate legal departments. They conduct legal research, prepare court documents, and even interview clients, all to support attorneys in their legal services. Globe University’s Paralegal programs offer hands-on training that will prepare you for a demanding, yet rewarding career in the legal field.¹⁴

36. One of Globe’s advertisements promoting its Business Administration programs says:

If you seek a career in the business world, a degree in business administration is one of the most versatile credentials you can earn. Globe University offers a wide range of options for you to choose from, depending on your experience and goals. . . . These programs were

¹¹ *Health Care Management Program Overview*, GLOBE UNIV., <http://www.youtube.com/watch?v=ENP62MUD1Sw&list=PL6BB7E280ACF573D6> (last visited Sept. 23, 2013).

¹² *Veterinary Technology Program Overview*, GLOBE UNIV., <http://www.youtube.com/watch?v=CQKdnUMMwzU&list=PL6BB7E280ACF573D6> (last visited Sept. 23, 2013).

¹³ *Medical Assistant Program Overview*, GLOBE UNIV., <http://www.youtube.com/watch?v=oZr5WVypLm4&feature=c4-overview-vl&list=PL6BB7E280ACF573D6> (last visited September 23, 2013).

¹⁴ *Paralegal Program Overview*, GLOBE UNIV., <http://www.youtube.com/watch?v=kvlh9s4BSJ4&list=PL6BB7E280ACF573D6> (last visited September 23, 2013).

developed to help working professionals to enhance their leadership and management skills and advance in their careers.¹⁵

37. Globe's aggressive advertisements, such as those above, contain false and misleading statements, and significant omissions. They are designed to create, in the minds of Class members, a strong impression that they would be both professionally and financially successful if they attend Globe.

38. In reality, Globe graduates receive degrees that are essentially worthless because: (1) Employers view such degrees as inferior. Globe graduates rarely find the types of jobs promised by Defendants. Most end up with jobs they could have obtained without attending Globe. (2) Globe credits do not transfer to most other postsecondary institutions. Students who transfer to other schools must start from scratch and have to repeat classes at the new institutions. (3) Globe's degrees do not lead to the new-graduate starting salaries Globe promises during enrollment. And, (4) Globe's accreditation is substandard.

39. Plaintiff Sarah Beck, for example, has been unable to find a job in her Globe degree field. Her current job does not require her Healthcare Management degree. Plaintiffs Brom and Holmes, after enrolling at Globe, witnessed Globe graduates struggling and failing to find jobs in their degree fields. Both Brom and Holmes stopped attending Globe, each seeking to cut their losses and limit their student debt if they were only going to earn useless Globe degrees.

¹⁵ *Business Administration Program Overview*, GLOBE UNIV., <http://www.youtube.com/watch?v=gnNKcwkMVI&list=PL6BB7E280ACF573D6> (last visited Sept. 23, 2013).

**Globe fosters an aggressive, company-wide boiler-room culture
to enroll as many students as possible by any means
so financial-aid profits flow to its pockets**

40. Globe's corporate-level executives dictate the policies and procedures and methods of operation such as recruiting tactics and the enrollment process to each of its school branches. These policies and procedures create and foster an aggressive, boiler-room culture among its enrollers, whom Globe calls "admissions representatives."¹⁶

41. The practices of the for-profit education industry were investigated by the U.S. Senate Committee on Health, Education, Labor and Pensions ("HELP"), which issued an extensive report finding that many for-profit schools mislead prospective students about tuition costs, the transferability of credits earned and the job placement rates of their students, among other matters.¹⁷ While Globe was not one of the thirty schools HELP examined, an investigative report by Minnesota Public Radio found that Globe engages in the same practices, including "predatory recruiting practices, harassment of students and poor results."¹⁸

42. According to former Globe workers, its executives care little about education, but care deeply and primarily about profits. In the MPR Report, former Globe enroller Jason Jensen described the enrollment process as being "just a machine. It was all about the [money] numbers."¹⁹ As shown below, it was certainly not about the students.

¹⁶ To avoid confusion with the legal term "admission" and its variants, Plaintiffs instead use the terms "enrollment representatives" or "enrollers" to refer to Globe's "admission representatives."

¹⁷ U.S. SENATE COMM. ON HEALTH, EDUC., LABOR & PENSIONS, FOR PROFIT HIGHER EDUCATION: THE FAILURE TO SAFEGUARD THE FEDERAL INVESTMENT AND ENSURE STUDENT SUCCESS (2012), *available at* <http://www.harkin.senate.gov/help/forprofitcolleges.cfm> (last visited Sept. 30, 2013).

¹⁸ Alex Friedrich, *For-profit Globe University's recruitment, revenue tactics questioned*, MINNESOTA PUBLIC RADIO, Sept. 10, 2012, <http://minnesota.publicradio.org/display/web/2012/09/10/education/globe-university-minnesota-school-of-business> (last visited Sept. 30, 2013) ("MPR Report").

¹⁹ *Id.*

43. Globe's ads, websites and enrollers seek to attract students who are eligible for financial aid and are seeking postsecondary educations that lead to better jobs and brighter futures. When they seek information about Globe, all prospective students are put in contact with enrollers who recite and deliver essentially the same memorized, scripted presentation. This misleading sales pitch is designed to manipulate students into enrolling at Globe and for the students to take out financial aid in the form of student loans, grants and scholarships (collectively, "financial aid").

44. The MPR Report describes that enrollers are under intense pressure from Globe's executives to recruit more and more financial-aid students because growing enrollment means higher profits for Defendants. Hannah Von Bank is another former enroller quoted in the MPR Report. She also submitted an affidavit about Globe's recruitment practices in a whistleblower lawsuit,²⁰ saying that she was under "extremely intense metrics to make my 'sales' quotas when enrolling students."²¹ She further states that Globe threatened to fire her if she did not "make" her "numbers."²² Additionally, she had "intense counseling sessions" biweekly with her supervisors in order to make her numbers.²³

45. This pressure makes financial-aid eligible, low-income, unsuspecting or unprepared students key targets for enrollment. Globe's enrollers target these students even if they know the students would likely not graduate. The MPR Report quotes former enroller Jensen as saying "So when we knew we had the single mothers with maybe two or three kids who were making minimum wage or not even employed at all, those—those

²⁰ See *infra* ¶ 65.

²¹ Von Bank Aff. ¶ 10, *Weber v. Minnesota School of Bus.*, No. 82-CV-12-2797, Minn. 10th Jud. Dist., July 10, 2013 (attached hereto as Exhibit C).

²² Von Bank Aff. ¶ 10.

²³ Von Bank Aff. ¶ 10.

were the one that, as the rep, we're excited about. Because we knew they were going to get a ton of [financial aid] money.”²⁴

46. Upon enrollment, after the misleading, unfair, deceptive and false sales pitch in which Globe sells dreams to prospective students, many students do not understand the demands of college or the unbreakable financial debt burden resulting from student loans. Some students are as young as 17 years old, essentially still children on the verge of adulthood, unaccustomed to making life-changing decisions on their own. Many others are in their 20s or 30s, with young families or inflexible work schedules, allowing little time for postsecondary coursework. In the MPR Report, Jensen said most of the people he recruited were unemployed or working dead-end jobs.²⁵

47. The MPR Report confirmed that Globe targets students eligible for financial aid. It quotes an anonymous former enroller (herein “Enroller A”) as saying, “We were really focusing on recruiting bottom-of-the-barrel-type students, the ones that rarely had the means. Essentially, if you have a heartbeat and you can sign your name, you qualify for Stafford Loans.”²⁶ The eligibility for financial aid, not the well-being or education of students, is what matters most to Globe.

48. Former enroller Von Bank testified that enrollers are trained to target low-income people because they are eligible for Pell Grants, which is “free money” for Globe.²⁷ A Globe director of admissions told Von Bank this was a general corporate practice.²⁸

²⁴ MPR Report, *see supra* note 18.

²⁵ *Id.*

²⁶ *Id.*

²⁷ Von Bank Aff. ¶ 7.

²⁸ Von Bank Aff. ¶ 7.

49. Enrollers are also trained to sign up prospective students for financial aid as quickly as possible so they do not have time to think it over,²⁹ realize it is a mistake, or decline to enroll.

50. Furthermore, Globe engages in manipulative and deceptive enrollment behavior and fosters an aggressive boiler-room culture in which Globe's enrollers regularly obscure or omit fine-print, but crucially important, details. As described more fully below, Globe and its enrollers routinely lie about the following:

- a. the quality and true nature of its school's accreditation, suggesting that national accreditation is at least as good as regional accreditation;
- b. the transferability of credits earned at its institutions, knowing that such credits will never transfer to legitimate schools offering respected degrees;
- c. job placement rates, using inflated rates that include jobs of any kind, not only those related to the Globe degree field; and
- d. the level of starting salaries graduates can expect to earn after graduation. Globe misleadingly quotes higher salaries of experienced workers as if they are within the reach of new, entry-level graduates.

Globe's enrollers systematically mislead and manipulate all prospective students with the goal of getting them to enroll

51. At Globe, rooms full of as many as thirty enrollers work phone lines, email and online chat programs, attempting to enroll students by any means necessary. For example, when a prospective student responds to one of Globe's misleading ads, enrollers hound and harass them by calling or emailing multiple times a day. When enrollers get prospective students on the phone, they read or recite a memorized, scripted

²⁹ Von Bank Aff. ¶ 8.

presentation that is created and approved by Globe's corporate executives. The presentation is designed to manipulatively learn what prospective students want out of life, from professional and personal goals to material possessions. Enrollers then present a Globe education as the key to achieving those dreams.

52. Former enroller Von Bank testified that enrollers were trained to use "persuasive psychology" to "close" and enroll prospective students.³⁰ For example, one of the questions she would ask prospective students is "What would you do with all the money you'd make in your new career?"³¹ When a prospective student would answer with "something like, 'Well, I'd get a nice house with hardwood floors and a big back yard,'" Von Bank would respond, "How are going to make the money to get all that without an education? That's probably not possible."³² Von Bank says usually the prospective students would agree.³³

53. Globe's executives believe it is much easier to manipulate and convince someone to enroll in its schools in person, rather than on the phone or via email or online chats. Enrollers contact potential students multiple times with the goal of getting them to visit one of Globe's locations.

54. Upon arrival, enrollers give potential students a uniform, memorized and rehearsed presentation, including a slideshow with an accompanying narrative. Enrollers are trained to memorize the presentation and to deliver the same content the same way to each prospective student.

³⁰ Von Bank Aff. ¶ 11.

³¹ Von Bank Aff. ¶ 11.

³² Von Bank Aff. ¶ 11.

³³ Von Bank Aff. ¶ 11.

55. Enrollers are tested to ensure they have the presentation memorized word-for-word. Each enroller is videotaped reciting the presentation, which is then analyzed by Globe executives. They examine whether each enroller delivers the presentation in the maximally manipulative way, and make sure that each enroller offers enough “trial closes” at all the right points, in order to get students to enroll. If an enroller does not use enough trial closes, he or she must repeat the process until Globe’s executives approve of the delivery of the misleading, fraudulent, unfair and deceptive presentation. Globe executives refer to the end of the presentation as “going for the close.”

56. As a part of the manipulative, misleading, fraudulent, unfair and deceptive presentation, enrollers are trained to make Globe seem exclusive, to “dangle the carrot” and purport to “withhold their recommendation to the admissions board” until each prospective student indicates they will enroll. Enrollers are told during training that this sales technique is designed to make people want to enroll.

57. In reality, there is no admissions board and no admissions recommendation. Anyone who can pay tuition is enrolled.

58. Globe’s enrollers are not trained in education or student success, but rather in sales tactics and strategy for effective manipulation. Its enrollment trainers are people with successful sales careers, having virtually nothing to do with education before coming to the school.

59. Prospective students’ answers to Globe’s scripted questions frequently include descriptions of their frustrations with dead-end jobs or their struggles to provide for their families. In the MPR Report, Von Bank admits enrollers were told to exploit

those feelings: “You’re supposed to find the pain that’s driving them to go back to school, and use that to get them to enroll.”³⁴

60. The MPR Report indicates that Globe executives ordered employees to stop using expressions such as “find their pain,” but Enroller A told MPR those orders were about changing the public and regulator’s perception of the school in order to improve its image, not change its actual corporate boiler-room culture of preying on financial-aid-eligible people: “You know, in trainings they would say, ‘We’re not going to call them ‘leads’ anymore. We’re going to call them ‘inquiries’. Because if anyone caught wind of this, you know, it might look like we’re in sales. And we don’t want them to know we’re in sales.”³⁵

61. Globe’s enrollers were not honest with potential students and were told by their supervisors not to be honest. They avoided detailed discussions of cost by holding off answers to such questions and distracting students with other subjects. But Jensen said enrollers quoted the highest amount of financial aid possible—even if they did not know what type or how much aid would be available to a student.³⁶

62. Von Bank states that she was instructed to “hound” family members of prospective student and tell them, for example, that “you know Sally would have a great future in business and would make lots of money if she just got an education first and enrolled at Globe, so have Sally call us back as quickly as possible.”³⁷ Von Bank was told this was a general corporate practice that enrollers were required to follow.³⁸

³⁴ MPR Report, *see supra* note 18.

³⁵ *Id.*

³⁶ *Id.*

³⁷ Von Bank Aff. ¶ 9.

³⁸ Von Bank Aff. ¶ 9.

**Globe's graduation rates are abysmal because it enrolls
many low-performing students who never graduate,
just to profit from their financial aid**

63. Globe's aggressive and manipulative enrollment process leads to the enrollment of many unprepared students, including those who fail to grasp fundamental concepts, including basics such as math and English, required to graduate from college.

64. Jensen admits that Globe's enrollers know many of the people they enroll probably will not graduate.³⁹ Students who show little academic aptitude, fail to understand the rigors of postsecondary courses, or who need extraordinary help to complete the enrollment process, are enrolled despite these clear warning signs. Globe's managers and executives know of these problems, but routinely ignore them.

65. Heidi Weber is a former Globe teacher and dean who blew the whistle on Globe's misleading, fraudulent, deceptive, unfair and false behavior. She was unfairly terminated by Globe in retaliation for exposing its conduct. Weber sued the company and won a \$400,000 jury verdict against the company for wrongful termination. Weber was quoted in the MPR Report saying the school regularly allows low performers into high-level classes, even if they need remedial help, including those with "maybe a middle-school reading level that were being placed in courses like anatomy and physiology, pharmacology."⁴⁰

66. As a result of admitting so many low performers, graduation rates from Globe's schools are abysmal. For 2006, the most recent year for which data is available, graduation rates range from 27% to 50% at the seven locations that have reported such

³⁹ MPR Report, *see supra* note 18.

⁴⁰ *Id.*

rates.⁴¹ Globe's flagship location in Woodbury, Minnesota boasts an overall graduation rate of only 30%.⁴² Worse, only 22% of its low-income Pell Grant recipients manage to graduate.⁴³ As of 2013, Globe has not reported graduation rates at thirteen of its twenty locations.⁴⁴

Globe lies and omits the truth about its inferior accreditation, which causes other postsecondary institutions to reject its credits and employers to reject its graduates

67. There are two types of accreditation of postsecondary institutions: regional and national.

68. Regional accreditation is the gold standard for colleges and universities. It is the most widely recognized type of postsecondary accreditation and is the type that people commonly mean when they refer to or inquire about postsecondary accreditation.

69. Credits and degrees earned at regionally accredited schools are widely and commonly accepted in transfer to other postsecondary institutions.

70. Historically, regionally accredited schools are academically oriented, respected, non-profit institutions of higher learning. Examples in the tri-state area include state-sponsored and land-grant universities, such as the University of Minnesota, University of Wisconsin and South Dakota State University.

71. National accreditation standards are far less stringent than regional standards. Institutions that settle for national accreditation are those that cannot achieve

⁴¹ See *Gainful Employment & Consumer Information*, GLOBE UNIV., <http://www.globeuniversity.edu/about-us/consumer-info.aspx> (last visited Sept. 23, 2013).

⁴² *Globe University—Woodbury: Student Right-to-Know Graduation Rate, Retention Rate, Diversity, Placement Information* (July 1, 2013), GLOBE UNIV., <http://www.globeuniversity.edu/docs/default-source/consumer-information/2013-gu-wb-srk-07-01-13.pdf?sfvrsn=2> (last visited Sept. 23, 2013).

⁴³ *Id.*

⁴⁴ See *Gainful Employment & Consumer Information*, GLOBE UNIV., <http://www.globeuniversity.edu/about-us/consumer-info.aspx> (last visited Sept. 23, 2013).

regional accreditation, and are predominantly for-profit corporations offering vocational, career or technical programs.

72. Credits and degrees earned at nationally accredited schools are widely and commonly rejected for transfer to other postsecondary institutions. Globe knows its credits are almost universally rejected by transfer schools, but it routinely lies about this fact and also conceals and omits the truth.

73. Many employers, particularly in the field of healthcare, view nationally accredited schools as not accredited because they lack the higher-standard regional accreditation. Many employers will only hire graduates from regionally accredited schools and programs; they will not hire graduates from nationally accredited schools.

74. Perhaps in recognition of the severe limits, futility, poor value and virtual uselessness of a degree from a nationally accredited institution, most for-profit online schools have achieved regional accreditations, including National American University,⁴⁵ the University of Phoenix,⁴⁶ Rasmussen College,⁴⁷ as well as American Public,⁴⁸ Argosy,⁴⁹ Capella,⁵⁰ DeVry,⁵¹ Drexel,⁵² Florida Tech,⁵³ Herzing,⁵⁴ Kaplan,⁵⁵ Strayer,⁵⁶ and Walden⁵⁷ Universities.

⁴⁵ *Accreditations, Approvals & Affiliations*, NATIONAL AM. UNIV., <http://www.national.edu/accreditations-approvals-affiliations> (last visited Sept. 23, 2013).

⁴⁶ *Accreditations and licensures*, UNIVERSITY OF PHOENIX, http://www.phoenix.edu/about_us/accordation.html (last visited Sept. 23, 2013).

⁴⁷ *Rasmussen College Accreditation*, RASMUSSEN COLL., <http://www.rasmussen.edu/why-rasmussen/accordation/> (last visited Sept. 23, 2013).

⁴⁸ *Accreditation*, AMERICAN PUB. UNIV. SYS., <http://www.apus.edu/accordation/> (last visited Sept. 23, 2013).

⁴⁹ *Accreditation and Licensing*, ARGOSY UNIV., <http://www.argosy.edu/about-us/accordation-licensing.aspx> (last visited Sept. 23, 2013).

⁵⁰ *Accreditation: A Critical Credential*, CAPELLA UNIV., <http://www.capella.edu/university-accordation/> (last visited Sept. 23, 2013).

⁵¹ *Accreditation*, DEVRY UNIV., <http://www.devry.edu/why-devry/accordation.html> (last visited Sept. 23, 2013).

⁵² *Accreditation*, DREXEL UNIV., <http://catalog.drexel.edu/accordation/> (last visited Sept. 23, 2013).

75. Globe, however, is not regionally accredited. Globe misleads the public about the true nature of its accreditation by blurring the important and fundamental distinctions between regional and national accreditation.

76. Plaintiff Sarah Beck was told, for example, that Globe's Healthcare Management program was accredited, but when she tried to transfer Globe's credits, all of the transfer schools rejected them, saying Globe was not properly accredited.

77. Plaintiff Melissa Beck met with a Globe enroller at the same time as Plaintiff Sarah Beck and was told the same things about accreditation. The presentation led her to believe that "national" accreditation meant that credits could be transferred to other schools, nationwide. Yet when she asked two other schools about transferring her Globe credits, they rejected them.

78. Globe's marketing materials even suggest that the two accreditation types are equal. Globe knows that national accreditation is significantly inferior for students, but makes misleading and false claims about its accreditation because even a national accreditation makes it eligible to receive students' financial aid. One example of Globe's accreditation statements follows:

⁵³ *The University, Regionally Accredited University Designations & Associations*, FLORIDA TECH UNIV. ONLINE, <http://www.floridatechonline.com/university/> (last visited Sept. 23, 2013).

⁵⁴ *Accreditation*, HERZING UNIV., <http://www.herzing.edu/about/accreditation> (last visited Sept. 23, 2013).

⁵⁵ *Accreditation*, KAPLAN UNIV., <http://www.kaplanuniversity.edu/about/accreditation-licensing.aspx> (last visited Sept. 23, 2013).

⁵⁶ *Accreditations and Approvals*, STRAYER UNIV., <http://www.strayer.edu/about/accreditation> (last visited Sept. 23, 2013).

⁵⁷ *Accreditation*, WALDEN UNIV., <http://www.waldenu.edu/about/who-we-are/accreditation> (last visited Sept. 23, 2013).

It is very important to choose a college that is accredited by an organization recognized by the U.S. Department of Education.

Nationally and regionally accredited institutions accredited by those recognized organizations have all met the same standards of quality . . . and are eligible for federal loan and grant programs.⁵⁸

It is a complete falsehood that regionally accredited and nationally accredited schools “have all met the same standards of quality.” The standards of quality for national accreditation are far less rigorous than regional standards, including criteria relating to the fundamental essence of any university, such as faculty qualifications and library resources. Further, the accredited coursework at typical nationally accredited schools is technical, not academic, as is the accredited coursework at typical regionally accredited schools.

79. Globe also misleads the public in its marketing materials by suggesting that its national accreditation means it has *superior* faculty and library resources, the very things that make regional accreditation more rigorous than national accreditation:

National Accreditation

Globe University is nationally accredited by Accrediting Council for Independent Colleges and Schools (ACICS) to award master’s degrees, bachelor’s degrees, associate degrees and diplomas.

This accreditation represents our adherence to a high standard of service and quality in education. Specific areas in which our campus meets or exceeds ACICS guidelines include:

- Instructors’ academic credentials and professional experience
- Library, lab and other student resources
- Career placement rates for our graduates

Our accreditation means qualified students benefit from federal and state financial aid programs.⁵⁹

⁵⁸ *Accreditations and Approvals*, GLOBE UNIV., <http://www.globeuniversity.edu/about-us/accreditation.aspx> (last visited Sept. 23, 2013) (underlined emphasis added).

80. Globe continues to blur the line between national and regional accreditation:

Comparing regional and national accreditation

Historically, national accredited schools offered career-oriented and technical training, and were awarded accreditation on the basis of results such as placement rates, while regionally accredited colleges and universities offered liberal arts education and were measured by standards such as the academic credentials of faculty.

Today, the distinction is less clear. Career colleges enhance technical training with general education, and award master's, bachelor's and associate degrees as well as technical diplomas and certificates; regionally accredited institutions offer direct-to-employment programs such as business administration and paralegal science.⁶⁰

81. In other materials, Globe further tries to cloud regional accreditation's superiority over national accreditation by essentially equating the two. It even misleadingly suggests that national accreditation is better than regional because nationally accredited institutions focus on career and technical training and job placement while regionally accreditation standards are less quantifiable. Globe misleadingly suggests that the academic focus of regional institutions may cause them to be more unstructured than technical programs and therefore regional accreditations are "couched in terms of the student's philosophical perspective and self-enrichment rather than employment." Globe's full statement is below:

History of national and regional accreditation

Historically, nationally accredited institutions offered career-oriented and technical training, while regionally accredited institutions offered liberal arts education.

⁵⁹ *National Accreditation*, GLOBE UNIV., <http://students.globeuniversity.edu/home/NationalAccreditation.aspx> (last visited Sept. 23, 2013) (underlined emphasis added).

⁶⁰ *Id.*

Today, the distinction is not as clear. Many career-focused institutions enhance their technical training with general education and award doctor's, master's, bachelor's and associate degrees, and technical diplomas. Many regionally accredited institutions now offer direct-to-employment programs such as business administration and paralegal science.

The measurements used to assess quality by a national accrediting organization such as ACICS stress measurable outcomes including retention, graduation and placement rates; professional experience of faculty; and practical experience provided by programs.

Assessment of an institution by a regional accrediting body such as North Central Association may, in expecting the institution to achieve its own mission, be couched in terms of the student's philosophical perspective and self-enrichment rather than employment.⁶¹

82. As described above, Globe routinely lies and omits the truth about the actual nature of its accreditation. This constitutes violations of Minnesota statutes and common law, as set forth below.

Globe knows its credits are nearly universally rejected by transfer schools, but it lies to the public, saying they will transfer, and also conceals and omits the truth

83. As noted above, the transfer of credits and degrees earned at nationally accredited schools are widely and commonly rejected by other postsecondary institutions, especially by regionally accredited schools. Globe knows its credits are almost universally rejected by transfer schools, but it routinely lies about this fact and also conceals and omits the truth.

84. Globe's Chief Operating Officer Jeanne Herrmann admitted at the whistleblower trial⁶² against Globe that its credits transfer to only a handful of schools, with whom it has transfer agreements. She further admitted that Globe's credits do not

⁶¹ *Accreditations and Approvals*, GLOBE UNIV., *see supra* note 58 (underlined emphasis added).

⁶² *See supra* ¶ 65.

transfer to the other thousands of postsecondary schools across the country. Her admissions directly contradict Globe's websites and the statements of its enrollers.

85. Globe's enrollers tell prospective students, as they told all Plaintiffs, that Globe's credits transfer easily and are nearly universally accepted. That is not what Plaintiffs later experienced.

86. After she graduated, Plaintiff Melissa Beck asked two postsecondary schools if they would accept the credits she earned at Globe. Both rejected Globe's credits.

87. After she graduated, Plaintiff Sarah Beck tried to transfer Globe credits to three postsecondary institutions. All three rejected the credits.

88. While enrolled at Globe, Plaintiff Brom sought to transfer out of Globe, but she was told by the Dean of Students that her credits would not transfer. The dean convinced her to switch programs instead: from Veterinary Technology to Business Administration.

89. Plaintiff Holmes attempted to transfer Globe credits to three postsecondary institutions. All three rejected them.

90. After a student hoping to leave Globe for another school realizes that Globe's credits will not transfer, their educational future is suddenly in a catch-22 paradox. Their choice is either to (1) continue at Globe to at least graduate with a degree, albeit expensive and virtually worthless, or (2) start over at a legitimate school (or quit altogether), after wasting months or years at Globe, taking with them at least tens of thousands of dollars' worth of student loan debt, with nothing to show for it.

91. Plaintiff Romig-Palodichuk, defeated by the inability to transfer Globe credits, faced this choice. She is attempting to salvage her Globe education by finishing her degree within the next two quarters.

92. Globe's websites and marketing materials contain carefully worded language about credit transfers that create a misleading, fraudulent, deceptive, unfair and false impression that Globe's credits will transfer.

93. For example, Globe's website says:

Through consortium agreements approved by member schools' accrediting bodies, credits earned at one network school may be applied toward a student's program at another, subject to accreditation and licensing criteria.⁶³

Even though this statement applies only to Defendants' own schools within its Globe Education Network, it misleadingly creates the impression that credits easily transfer to schools outside the network.

94. Further, in another spot, Globe's website says:

Easy Credit Transfer – A robust credit transfer program eliminates redundant coursework and allows students to get credit for those classes already completed at other institutions. This eliminates the cost of repeating classes previously taken.⁶⁴

95. Although that statement refers to credits transferred to Globe from another institution, it misleadingly creates the impression that credits transfer freely between postsecondary institutions. As described above, that is false, at least with respect to credits being transferred out of Globe.

⁶³ *Working Together on Behalf of Students*, GLOBE UNIV., <http://www.globeuniversity.edu/about-us/globe-education-network.aspx>.

⁶⁴ *6 Ways We Made College More Affordable at Globe*, GLOBE UNIV., http://www.globeuniversity.edu/tuition-fees/tuition_schedule/affordable-tuition (last visited Sept. 23, 2013).

96. Globe knows its credits will not transfer, but on another web page, puts the onus on other institutions, creating the misleading impression that its credits will transfer:

Accreditation may affect employment and transfer of credits

Attending an institution accredited by an organization recognized by the U.S. Department of Education is often a requirement for employment and can be helpful in transferring academic credits to another institution (U.S. Department of Education). However, it is always the decision of the receiving institution whether to accept transfer of credits. That decision may or may not involve accreditation.⁶⁵

97. Globe's websites also omit the truth: that its credits are nearly universally rejected by other schools. Instead of containing a true disclosure that its credits will not transfer, Globe defers and distracts students:

Thinking about transferring to another college? Call a representative from our school today at 1-877-303-6060 or send us an email to request more information.⁶⁶

98. In addition to omitting the truth, Globe directs transfer students to call or email so its enrollers can continue to mislead and conceal that its credits will not transfer. The enrollers are trained to manipulate and convince these students to stay enrolled at Globe. In many cases, such as the experience of Plaintiff Brom, Globe representatives suggest that students switch programs. This ensures that financial aid profits continue to flow to Globe.

99. Globe routinely lies and omits the truth about the transferability of credits earned for all of its programs. This constitutes violations of Minnesota statutes and common law, as set forth below.

⁶⁵ *Accreditations and Approvals*, GLOBE UNIV., *see supra* note 58 (underlined emphasis added).

⁶⁶ *Globe University Welcomes College Transfer Students*, GLOBE UNIV., <http://www.globeuniversity.edu/prospective-students/transfer-students.aspx> (last visited Sept. 25, 2013).

**Globe lies about and inflates the level of starting salaries
its new graduates can expect to earn**

100. Globe's enrollers routinely inflate the starting salaries they claim new Globe graduates will receive. When she worked for the company, former enroller Von Bank used PowerPoint slides provided by Globe that represented ranges of salaries or baseline salaries such as "\$50,000 and up."⁶⁷ She also testified that a slide relating to a business program had a starting salary range of \$20,000 to \$60,000 per year.⁶⁸ Von Bank says enrollers were trained to tell prospective students that most people earn near the middle of this range.⁶⁹ She discovered, however, that \$60,000 was an outlier amount and that most graduates made closer to \$20,000—nowhere near the middle.⁷⁰ Von Bank determined that this range and many others were misleading and fraudulent because they were not averages.⁷¹

101. Globe's enrollers inflated the level of starting salaries or wages Plaintiffs could expect to earn upon graduation. For example, Plaintiff Melissa Beck was told she would make \$30,000 as a paralegal graduate from Globe. She actually started out, without a paralegal job, part-time at \$10 per hour. She was told by Globe's placement office after she graduated that the going rate for new paralegals in her area was \$12 to \$14 per hour, not \$30,000 per year.

102. Plaintiff Cheri Brom was told she would make \$17 per hour after graduating from Globe's Veterinary Technology program. In reality, Cheri later learned that it is very difficult to get a veterinary technology job paying even \$10 per hour.

⁶⁷ Von Bank Aff. ¶ 3.

⁶⁸ Von Bank Aff. ¶ 4.

⁶⁹ Von Bank Aff. ¶ 6.

⁷⁰ Von Bank Aff. ¶ 6.

⁷¹ Von Bank Aff. ¶ 6.

103. Similarly, Plaintiff Romig-Palodichuk was told she would make \$16 to \$22 per hour after graduating from Globe's Medical Assistant program. She has now learned through other sources that she can expect to make only \$10 to \$13 per hour, if she can find a job at all.

104. Globe's website and marketing materials deceive the public about the level of starting salaries its graduates can expect. Globe does this by touting median annual salaries, which accounts for all salaries of all workers in an industry—including top executives and those with decades of experience—as if such salaries are within the reach of new graduates.

105. For example, Globe's web page about careers in the field of criminal justice does exactly that: "Most associate degree graduates can look forward to entry-level positions in corrections, private and corporate security and office support for law enforcement departments. Bachelor's degree graduates may start in similar positions, but will be prepared to later assume supervisory or management responsibilities."⁷² The website continues: "Private detectives and investigators: Jobs are expected to grow much faster than average, with a projected 22 percent increase in employment. The median annual wage is \$41,760."⁷³

106. In reality, the starting salary of an entry-level private detective or investigator is in the \$25,000 range.⁷⁴

⁷² *Investigate a Career in Criminal Justice, Outlook for criminal justice jobs*, GLOBE UNIV., <http://www.globeuniversity.edu/degree-program/legal/criminal-justice/criminal-justice-careers.aspx> (last visited Sept. 23, 2013).

⁷³ *Id.*

⁷⁴ *Occupational Outlook Handbook, Private Detectives and Investigators*, BUREAU OF LABOR STATS., <http://www.bls.gov/ooh/Protective-Service/Private-detectives-and-investigators.htm#tab-5> (last visited Sept. 23, 2013).

107. With regard to security guards and gaming surveillance officers, Globe's website says: "Security guard jobs are projected to increase by 14 percent; 12 percent for gaming officers. The median annual salary for security guards is \$23,460; \$28,850 for gaming officers."⁷⁵

108. In reality, the starting salary of such entry-level guards is approximately \$17,000.⁷⁶

109. Globe also misleads about the starting salaries of correctional officers: "Jobs are expected to grow by 9 percent. The median annual salary is \$38,380."⁷⁷

110. In reality, the starting salary of such entry-level officers is approximately \$26,000.⁷⁸

111. For probation officers and correctional treatment specialists, Globe's website tells the public that "Employment is projected to increase 19 percent. The median annual salary is \$45,910."⁷⁹

112. In reality, the starting salary of an entry-level probation officer or correctional treatment specialist is in the \$30,000 range.⁸⁰

⁷⁵ *Investigate a Career in Criminal Justice, Outlook for criminal justice jobs*, GLOBE UNIV., <http://www.globeuniversity.edu/degree-program/legal/criminal-justice/criminal-justice-careers.aspx> (last visited Sept. 23, 2013).

⁷⁶ *Occupational Outlook Handbook, Security Guards and Gaming Surveillance Officers*, BUREAU OF LABOR STATS., <http://www.bls.gov/ooh/Protective-Service/Security-guards.htm#tab-5> (last visited Sept. 17, 2013).

⁷⁷ *Investigate a Career in Criminal Justice, Outlook for criminal justice jobs*, GLOBE UNIV., <http://www.globeuniversity.edu/degree-program/legal/criminal-justice/criminal-justice-careers.aspx> (last visited Sept. 23, 2013).

⁷⁸ *Occupational Outlook Handbook, Correctional Officers*, BUREAU OF LABOR STATS., <http://www.bls.gov/ooh/Protective-Service/Correctional-officers.htm#tab-5> (last visited Sept. 23, 2013).

⁷⁹ *Investigate a Career in Criminal Justice, Outlook for criminal justice jobs*, GLOBE UNIV., <http://www.globeuniversity.edu/degree-program/legal/criminal-justice/criminal-justice-careers.aspx> (last visited Sept. 23, 2013).

⁸⁰ *Occupational Outlook Handbook, Probation Officers and Correctional Treatment Specialists*, BUREAU OF LABOR STATS., <http://www.bls.gov/ooh/Community-and-Social-Service/Probation-officers-and-correctional-treatment-specialists.htm#tab-5> (last visited Sept. 17, 2013).

113. Globe routinely inflates the starting salaries new graduates from all of its programs can expect to earn. This constitutes violations of Minnesota statutes and common law, as set forth below.

Globe lies about and inflates the job placement rates of its graduates

114. Globe's websites, marketing materials and enrollers significantly inflate the job placement rates of its graduates.

115. Globe includes in the rates students who were already employed when they began classes and worked while attending school. If these students are employed when they graduate, Globe counts them as "placed" regardless of whether or not Globe helped them get the job.

116. Worse, Globe includes in the placement rates any job at all, regardless of whether or not the job relates to a graduate's degree. For example, if a graduate of Globe's Healthcare Management program got or already had a job selling fast food, that job would count toward the Healthcare Management program's job placement rate.

117. Globe's enroller told Plaintiffs Melissa and Sarah Beck that its institution-wide placement rate was 98%. Yet Globe failed to place either Plaintiff in a job.

118. Globe routinely inflates the job placement rates of all of its programs. This constitutes violations of Minnesota statutes and common law, as set forth below.

Globe leaves students at dead-ends deep in debt

119. After attending Globe, most students drop out. A minority graduate. All of them are burdened with tens of thousands of dollars in student loan debt, having earned essentially worthless, non-transferable credits, and are left without the credentials needed to obtain a job in their degree field.

120. As described herein, Globe is engaged in longstanding and ongoing violations of Minnesota statutes and common law.

PLAINTIFFS' CLASS ACTION ALLEGATIONS

121. Plaintiffs seek relief in their individual capacities and on behalf of a class consisting of all others similarly situated. Pursuant to Federal Rule of Civil Procedure 23, Plaintiffs seek certification of a class defined as follows:

All individuals who are or have enrolled at Globe University and/or the Minnesota School of Business from September 2007 through the present.

122. Excluded from the Class are Globe's current and former owners, executives, recruiting and enrollment representatives, board members, legal counsel, and the judges and all other court personnel to whom this case is assigned, and their immediate families.

123. Plaintiffs reserve the right to amend or modify the Class definition with greater specificity or to define subclasses after they have had an opportunity to conduct discovery.

124. This action has been brought and may properly be maintained as a class action against Globe pursuant to the provisions of Federal Rule of Civil Procedure 23 because there is a well-defined community of interest in the litigation and the proposed Class is easily ascertainable.

125. The requirements of Rule 23 are satisfied because:

a. Numerosity. Fed. R. Civ. P. 23(a)(1). The number of Class members is so high that joinder of all members is impracticable. While the exact number of Class members is presently unknown to Plaintiffs, publicly available

information indicates that Globe enrolls approximately at least 7,800 students annually. Joinder of plaintiffs is therefore impracticable.

b. Commonality. Fed. R. Civ. P. 23(a)(2) and (b)(3). The questions of law and fact that predominate over questions that may affect individual Class members include the following:

- 1) Whether Globe systematically misrepresented that course credits earned at its institutions would transfer to other institutions of postsecondary education;
- 2) Whether Globe systematically misrepresented the job placement rates for its graduates;
- 3) Whether Globe systematically misrepresented the starting salaries its graduates could expect to receive;
- 4) Whether Globe systematically misrepresented the nature of its accreditation;
- 5) Whether Globe's misrepresentations and omissions were material to reasonable postsecondary students;
- 6) Whether Globe's marketing, advertising, methods of solicitation, recruiting, admitting and enrolling students and the selling of its postsecondary programs constitute an unfair, unlawful or fraudulent practice;
- 7) Whether Globe's marketing, advertising, methods of solicitation, recruiting, admitting and enrolling students and the selling of its postsecondary programs constitute false advertising;

- 8) Whether Globe's conduct described above injured consumers and, if so, the extent of the injury;
- 9) Whether, and to what extent, injunctive relief should be imposed on Globe.

c. Typicality. Fed. R. Civ. P. 23(a)(3). Plaintiffs' claims are typical of the claims of the Class because Plaintiffs have suffered from the same harm as the Class, i.e., paying tuition to enroll in Globe's postsecondary classes during the class period, which did not deliver what Globe promised, based on the misleading and deceptive misrepresentations, advertising and promotional materials, solicitation, recruitment, and enrollment process. Thus, Plaintiffs and members of the Class sustained the same injuries and damages arising out of Globe's conduct in violation of Minnesota law. Plaintiffs do not have any interests antagonistic to, or in conflict with, her Class.

d. Adequacy. Fed. R. Civ. P. 23(a)(4). Plaintiffs will fairly and adequately represent and protect the interests of the Class members. No conflicts of interest exist between Plaintiffs and the other Class members. Plaintiffs have retained competent counsel experienced in class action litigation and will prosecute this action vigorously.

e. Superiority. Fed. R. Civ. P. 23(b)(3). A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Class action treatment will permit a large number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently and without the unnecessary duplication of effort and expense that would result from

individual actions. Since the damages suffered by individual Class members are relatively small, the expense and burden of individual litigation make it virtually impossible for the Class members to seek redress for the wrongful conduct alleged, while an important public interest will be served by addressing the matter as a class action.

126. The prerequisites to maintaining a class action for injunctive or equitable relief pursuant to Federal Rule of Civil Procedure 23(b)(2) are met as Globe has acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final injunctive or equitable relief with respect to the Class as a whole.

127. The prerequisites to maintaining a class action for relief pursuant to Federal Rule of Civil Procedure 23(b)(3) are also met. As discussed above, common questions predominate in this litigation and pursuit of the claims as a class action is a superior means of resolving them.

128. Plaintiffs know of no difficulty that will be encountered in the management of this litigation that would preclude its maintenance as a class action.

FIRST CAUSE OF ACTION

Prevention of Consumer Fraud Act – Violations of Minn. Stat. § 325F.69

129. Plaintiffs incorporate by reference and reallege all allegations set forth in the preceding paragraphs.

130. Minnesota's law protects postsecondary students. Minnesota's Prevention of Consumer Fraud Act defines "merchandise" as, among other things, "any . . . wares, goods, . . . intangibles, . . . or services." Minn. Stat. § 325F.68. Postsecondary education is a ware, good, intangible or service and is therefore "merchandise" under this statute.

131. Minnesota Statute §325F.69, subd. 1 makes it unlawful for any person by use of “any fraud, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby.”

132. Globe’s business practices constitute the use of fraud, false pretense, false promises, misrepresentations, misleading statements or deceptive practices and, thus, constitute multiple, separate violations of Minn. Stat. §325F.69.

133. By engaging in the conduct described herein, Globe violated and continues to violate Minn. Stat. §325F.69, subd. 1. Globe’s wrongful conduct and use of fraud, false pretenses, false promises, misrepresentations, misleading statements or deceptive practices, all with the intent that others rely upon them, include, by way of example and not by limitation:

- a. Globe’s fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of the credits earned at its institutions or the inability to transfer them to other postsecondary institutions;
- b. Globe’s fraudulent, misleading and deceptive statements relating to job placement rates of its graduates;
- c. Globe’s fraudulent, misleading and deceptive statements relating to the starting salaries of its new graduates;
- d. Globe’s fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of its accreditations;
- e. Globe’s fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of its “national” accreditations;

- f. Globe's knowledge and continued use of the above-described fraudulent, misleading and deceptive statements, misrepresentations or omissions;
- g. Globe's fiduciary-related misconduct, including its fraudulent, deceptive and unfair practice of misrepresenting its postsecondary services, including misrepresenting accreditation, course credit transferability, job placement rates and starting salaries;
- h. Globe's omissions and concealment of the true inferior characteristics of an education at its institutions; and
- i. Globe's continued use of fraudulent, misleading or deceptive statement and practices relating to its postsecondary services.

134. Globe's misrepresentations and omissions set forth in this Complaint are material because they relate to information that would naturally affect the decisions or conduct of postsecondary students, including Plaintiffs and the other Class members, regarding whether or not to enroll at Globe's supposed postsecondary institutions and whether or not to obtain financial aid to pay Globe.

135. Had Plaintiffs and the other Class members known that Globe's course credits were not transferable, that its accreditation was inferior, or that its job placement rates or starting salary figures were misrepresented and inflated, they would not have enrolled at Globe's institutions or for online courses and they would not have obtained financial aid to pay Globe.

136. Globe fraudulently, negligently, recklessly, or intentionally concealed or failed to disclose the true inferior characteristics of its postsecondary programs and services for the purpose of inducing Plaintiffs and the other Class members to rely upon the truth and completeness of Globe's representations about its postsecondary services. Plaintiffs and the other Class members justifiably relied, to their detriment. Plaintiffs and the other Class members relied on Globe to disclose all material facts and not omit any

material information regarding its postsecondary services. Plaintiffs and the other Class members were deceived, which is evidenced by the fact that Plaintiffs and the other Class members enrolled in Globe's postsecondary services. Had they known the truth, Plaintiffs and the other Class members would not have enrolled in Globe's postsecondary services, nor would they have obtained financial aid to pay Globe. Globe's fraudulent and deceptive practices of marketing, advertising, recruiting, and enrolling students, and the selling of its postsecondary services, repeatedly occurred in Globe's trade or business and were capable of deceiving a substantial portion of the public.

137. Where, as here, Plaintiffs' claims inure to the public benefit as Globe has misrepresented the ability to transfer credits earned at its institutions, job placement rates or starting salaries to the public at large, Minnesota's private-attorney general statute, Minn. Stat. §8.31, subd. 3a, allows individuals who have been injured through a violation of these consumer-protection statutes to bring a civil action and recover damages, together with costs and disbursements, including reasonable attorneys' fees.

138. As a result of Globe's fraud, false pretense, false promises, misrepresentations, misleading statements, or deceptive practices relating to the marketing, advertising, enrolling students and selling its postsecondary services, Plaintiffs and the other Class members have suffered actual damages because they would not have enrolled in Globe's postsecondary services and would not have obtained financial aid to pay Globe if they had known that Globe's accreditation, credit transfer, job placement rate or starting salary representations are false.

139. As a direct, proximate, and foreseeable result of Globe's violations of the statute, Plaintiffs and the other Class members sustained damages.

140. THEREFORE, Plaintiffs pray for relief as set forth below.

SECOND CAUSE OF ACTION

Unlawful Trade Practices Act – Violations of Minn. Stat. § 325D.13

141. Plaintiffs incorporate by reference and reallege all allegations set forth in the preceding paragraphs.

142. Minnesota Statute § 325D.13 provides that, “No person shall, in connection with the sale of merchandise, knowingly misrepresent, directly or indirectly, the true quality, . . . or origin of such merchandise.”

143. By engaging in the conduct described herein, Globe violated and continues to violate Minn. Stat. §325D.13.

144. Globe’s unlawful trade practices and knowing misrepresentation of the true quality of its postsecondary services include, by way of example and not by limitation:

- a. Globe’s fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of the credits earned at its institutions or the inability to transfer them to other postsecondary institutions;
- b. Globe’s fraudulent, misleading and deceptive statements relating to job placement rates of its graduates;
- c. Globe’s fraudulent, misleading and deceptive statements relating to the starting salaries of its new graduates;
- d. Globe’s fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of its accreditations;
- e. Globe’s fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of its “national” accreditations;

- f. Globe's knowledge and continued use of the above-described fraudulent, misleading and deceptive statements, misrepresentations or omissions;
- g. Globe's omissions and concealment of the true inferior characteristics of an education at its institutions; and
- h. Globe's continued use of fraudulent, misleading or deceptive statement and practices relating to its postsecondary services.

145. Globe's misrepresentations and omissions set forth in this Complaint are material because they relate to information that would naturally affect the decisions or conduct of postsecondary students, including Plaintiffs and the Class members, regarding whether or not to enroll in Globe's postsecondary services and whether to obtain financial aid to pay Globe.

146. As a result of Globe's practices relating to the misrepresentation of the true characteristics of its postsecondary services, Plaintiffs and the Class members have suffered actual damages because they would not have enrolled in or attended Globe's postsecondary services, nor would they have obtained financial aid to pay Globe, if they had known that the representations regarding credit transferability, job placement rates, starting salaries or accreditations are false.

147. Where, as here, Plaintiffs' claims inure to the public benefit as Globe has misrepresented the true inferior quality of the postsecondary education services at its institutions to the public at large, Minnesota's private-attorney general statute, Minn. Stat. §8.31, subd. 3a, allows individuals who have been injured through a violation of these consumer-protection statutes to bring a civil action and recover damages, together with costs and disbursements, including reasonable attorneys' fees.

148. Plaintiffs and the Class seek injunctive relief requiring Globe to cease and desist from making all fraudulent, deceptive, misleading, and false statements and omissions.

149. As a direct, proximate and foreseeable result of Globe's violation of the statute, Plaintiffs and the other Class members were injured and suffered damages, and are entitled to recover their actual damages, costs and disbursements, including costs of investigation and reasonable attorneys' fees, as well as injunctive relief, including restitution, as determined by the Court, pursuant to Minnesota law, including Minn. Stat. §§ 8.31, subd. 1 and 3a and 325D.15.

150. THEREFORE, Plaintiffs pray for relief as set forth below.

THIRD CAUSE OF ACTION

Deceptive Trade Practices Act – Violations of Minn. Stat. § 325D.44

151. Plaintiffs incorporate by reference and reallege all allegations as set forth in the preceding paragraphs.

152. Minnesota Statutes § 325D.44, subd. 1 provides in part:

A person engages in deceptive trade practices when, in the course of business, vocation, or occupation, the person:

...

(2) causes likelihood of confusion or of misunderstanding as to the . . . approval, or certification of goods or services;

(3) causes likelihood of confusion or of misunderstanding as to affiliation, connection, or association with, or certification by, another;

(4) uses deceptive representations or designations of geographic origin in connection with goods or services;

(5) represents that goods or services have sponsorship, approval, characteristics, . . . uses, benefits, . . . that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;

...
(7) represents that goods or services are of a particular standard, quality, or grade, . . . if they are of another;

...
(9) advertises goods or services with intent not to sell them as advertised;

...
(13) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.

153. By engaging in the conduct described above, Globe violated and continues to violate Minn. Stat. §325D.44.

154. Globe's deceptive trade practices include, by way of example and not by limitation:

- a. Globe's fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of the credits earned at its institutions or the inability to transfer them to other postsecondary institutions;
- b. Globe's fraudulent, misleading and deceptive statements relating to job placement rates of its graduates;
- c. Globe's fraudulent, misleading and deceptive statements relating to the starting salaries of its new graduates;
- d. Globe's fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of its accreditations;
- e. Globe's fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of its "national" accreditations;
- f. Globe's knowledge and continued use of the above-described fraudulent, misleading and deceptive statements, misrepresentations or omissions;
- g. Globe's omissions and concealment of the true inferior characteristics of an education at its institutions; and
- h. Globe's continued use of fraudulent, misleading or deceptive statement and practices relating to its postsecondary services.

155. As a result of Globe's practices relating to misrepresentation of the true characteristics of its postsecondary services, Plaintiffs and the Class members have suffered actual damages because they would not have enrolled in or attended Globe's postsecondary services. Nor would they have obtained financial aid to pay Globe, if they had known that the representations regarding credit transferability, job placement rates, starting salaries, extern placement programs and accreditations are false.

156. Where, as here, Plaintiffs' claims inure to the public benefit as Globe has misrepresented the characteristics of its postsecondary services to the public at large, Minnesota's private attorney general statute, Minn. Stat. §8.31, subd. 3a, allows individuals who have been injured through a violation of these consumer-protection statutes to bring a civil action and recover damages, together with costs and disbursements, including reasonable attorneys' fees.

157. Plaintiffs and the Class seek injunctive relief requiring Globe to cease and desist from making all fraudulent, deceptive, misleading, and false statements and omissions.

158. As a direct, proximate and foreseeable result of Globe's violation of the statute, Plaintiffs and the other Class members were injured and suffered damages, and are entitled to recover their actual damages, costs and disbursements, including costs of investigation and reasonable attorneys' fees, as well as injunctive relief and other equitable relief, including restitution, as determined by the Court, pursuant to Minnesota law, including Minn. Stat. §8.31, subd. 1 and 3a and 325D.45.

159. THEREFORE, Plaintiffs pray for relief as set forth below.

FOURTH CAUSE OF ACTION

False Advertising – Violations of Minn. Stat. § 325F.67

160. Plaintiffs incorporate by reference and reallege all allegations set forth in the preceding paragraphs.

161. Minnesota Statutes §325F.67 provides in part:

Any person, firm, corporation, or association who, with intent to sell or in anywise dispose of merchandise, . . . service, or anything offered by such person, firm, corporation, or association, directly or indirectly, to the public, for sale or distribution, or with intent to increase the consumption thereof, or to induce the public in any manner to enter into any obligation relating thereto, . . . or any interest therein, makes, publishes, disseminates, circulates, or places before the public, or causes, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in this state, in a newspaper or other publication, or in the form of a book, notice, handbill, poster, bill, label, price tag, circular, pamphlet, program, or letter, or over any radio or television station, or in any other way, an advertisement of any sort regarding merchandise, securities, service, or anything so offered to the public, for use, consumption, purchase, or sale, which advertisement contains any material assertion, representation, or statement of fact which is untrue, deceptive, or misleading, shall, whether or not pecuniary or other specific damage to any person occurs as a direct result thereof, be guilty of a misdemeanor, and any such act is declared to be a public nuisance and may be enjoined as such.

162. By engaging in the conduct described above, namely misrepresenting the true characteristics of its postsecondary services, by, among other things, representing that credits earned at its institutions will transfer to other postsecondary institutions, when they do not; inflating the job placement rates of its graduates; inflating the starting salaries of its new graduates; representing that it is a properly accredited institution, when it is not; representing that it is “nationally” accredited and suggesting that is a superior accreditation, when it is not; Globe violated and continues to violate Minn. Stat.

§325F.67.

163. Where, as here, Plaintiffs' claims inure to the public benefit as Globe has misrepresented the characteristics of its postsecondary services to the public at large, Minnesota's private-attorney general statute, Minn. Stat. §8.31, subd. 3a, allows individuals who have been injured through a violation of these consumer-protection statutes to bring a civil action and recover damages, together with costs and disbursements, including reasonable attorneys' fees.

164. Globe's wrongful conduct and misrepresentation of the true characteristics, standards, and quality of its postsecondary services include, by way of example and not by limitation:

- a. Globe's fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of the credits earned at its institutions or the inability to transfer them to other postsecondary institutions;
- b. Globe's fraudulent, misleading and deceptive statements relating to job placement rates of its graduates;
- c. Globe's fraudulent, misleading and deceptive statements relating to the starting salaries of its new graduates;
- d. Globe's fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of its accreditations;
- e. Globe's fraudulent, misleading and deceptive statements or omissions to cover up the true characteristics, standards, and quality of its "national" accreditations;
- f. Globe's knowledge and continued use of the above-described fraudulent, misleading and deceptive statements, misrepresentations or omissions;
- g. Globe's omissions and concealment of the true inferior characteristics of an education at its institutions; and
- h. Globe's continued use of fraudulent, misleading or deceptive statement and practices relating to its postsecondary services.

165. As a result of Globe's practices relating to misrepresentation of the true characteristics of its postsecondary services, Plaintiffs and the Class members have suffered actual damages because they would not have enrolled in or attended Globe's postsecondary services, nor would they have obtained student loans or financial aid to pay Globe, if they had known that the representations regarding accreditation, credit transferability, starting salaries and job placement rates, are false.

166. Plaintiffs and the Class seek injunctive relief requiring Globe to cease and desist from making all fraudulent, deceptive, misleading, and false statements and omissions.

167. As a direct, proximate and foreseeable result of Globe's violation of the statute, Plaintiffs and the other Class members were injured and suffered damages, and are entitled to recover their actual damages, costs and disbursements, including costs of investigation and reasonable attorneys' fees, as well as injunctive relief and other equitable relief, including restitution, as determined by the Court, pursuant to Minnesota law, including Minn. Stat. §8.31, subd. 1 and 3a and 325D.45.

168. THEREFORE, Plaintiffs pray for relief as set forth below.

FIFTH CAUSE OF ACTION

Unjust Enrichment

169. Plaintiffs incorporate by reference and reallege all allegations set forth in the preceding paragraphs.

170. Plaintiffs assert this claim in the alternative.

171. By the acts and conduct described above, Plaintiffs and the other Class members conferred a benefit on Globe by enrolling in and paying for its postsecondary services, proceeds of which were retained by Globe.

172. By the acts and conduct described above, Globe knowingly accepted and retained the benefit of the money paid by Plaintiffs and the other Class members.

173. Globe's retention of the money is inequitable and unjust for the reasons stated herein.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, pray for judgment as requested above against Globe and further pray for:

- A. An order certifying the Class proposed in this Complaint and appointing Plaintiffs and their counsel to represent the Class and requiring Globe to bear the cost of class notice;
- B. Restitution or disgorgement of amounts paid by Plaintiffs and Class members for the postsecondary services at Globe's institutions, together with interest from the date of payment;
- C. Actual damages;
- D. An order granting injunctive relief requiring Globe to cease and desist from making all fraudulent, deceptive, misleading, and false statements and omissions about its postsecondary services and requiring other appropriate disclosures and disclaimers regarding its postsecondary services;
- E. Statutory prejudgment interest;
- F. Reasonable attorneys' fees and the costs of this action;

- G. Other legal and equitable relief under the causes of action state herein;
- H. A trial by jury on all issues so triable; and
- I. Such other relief as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a trial by jury with respect to any claims so triable.

Date: October 2, 2013

Respectfully submitted,

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